

**INDEPENDENT ACCOUNTANTS' REPORT ON
MONTANA CASH DRAWINGS**

Montana State Lottery

June 30, 2005

05C-03

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Montana State Lottery

June 30, 2005

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Montana State Lottery

June 30, 2005

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LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

July 2005

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana State Lottery Observations for the fiscal year ended June 30, 2005.

The audit was conducted by Galusha, Higgins & Galusha, PC, under a contract between the firm and our office. There are no recommendations in this report

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat", with a long, sweeping horizontal line extending to the right.

Scott A. Seacat
Legislative Auditor

05C-03

Montana State Lottery
COMMISSION MEMBERS AND ADMINISTRATIVE OFFICIALS
June 30, 2005

COMMISSION MEMBERS

Robert Crippen, CPA, Chairperson

Betty Wilkins

Craig Anderson, Sheriff

Thomas M. Keegan, Attorney at Law

Wilbur Rehman

RESIDENCE

Butte

Missoula

Glendive

Helena

Helena

ADMINISTRATIVE OFFICIALS

George Parisot, Montana State Lottery Director

John Tarr, Montana State Lottery Director of Security

Montana State Lottery
INTRODUCTION, BACKGROUND, AND REPORTABLE OBSERVATIONS
June 30, 2005

INTRODUCTION

We performed the following agreed-upon procedures for the Montana State Lottery for the year ended June 30, 2005:

- 1) Witnessed and reported on each Montana Cash drawing;
- 2) examined all lottery drawing equipment prior to and after each drawing; and
- 3) tested compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are contained in Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose of the law is to allow lottery games in which players purchase from the State, through the administration of the Montana State Lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the independent accountants' report on agreed-upon procedures, we are to report on serious inadequacies in operating controls and procedures, activities not authorized by the legislature, and our recommendations to the State and the Montana State Lottery. We have nothing to report in those areas.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Commissioners
Montana State Lottery
Helena, Montana

We have performed the procedures enumerated below, which were agreed to by the Montana State Lottery and the Montana Legislative Audit Division with respect to the Montana Cash drawings of the Montana State Lottery for the year ended June 30, 2005. The Montana State Lottery is responsible for the Montana Cash drawing. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

All drawings are conducted in accordance with applicable rules and regulations.

All drawings are conducted in a secure, honest and fair manner.

The procedures we performed and our findings are summarized as follows:

1. We read the "Montana Cash Drawing Procedures." In performing this and other steps of our procedures, we gave consideration to the adequacy of controls over the drawing process.
2. We observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker, and ball sets were unbroken and that the seals were numbered the same as the seals placed there when we were last present.
3. We observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.
4. We observed the pre-drawing tests, recorded the results and determined that the applicable procedures were followed.

To the Commissioners
Montana State Lottery

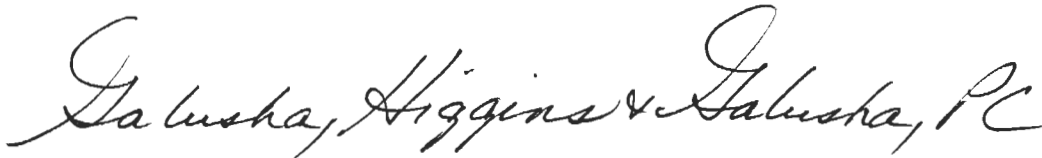
5. We observed the official "Montana Cash" drawings and determined that the applicable procedures were followed.
6. We observed the performance of the post-drawing tests, recorded the results and determined that the applicable procedures were followed.
7. We observed the resealing of the ball sets, ball locker and machine cabinet door.

We have furnished the Legislative Audit Division with a summary letter after each drawing stating that the Montana Cash drawings were performed and observed by us. The letters would include any unusual occurrences or deviations from the established rules and procedures.

No exceptions were found as a result of applying the above procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Montana Cash drawing procedures for the year ended June 30, 2005. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Montana State Lottery and the Montana Legislative Audit Division and is not intended to be and should not be used by anyone other than these specified parties.



GALUSHA, HIGGINS AND GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
July 1, 2005

Montana State Lottery

STATEMENT OF MONTANA CASH WINNING NUMBERS *year ended June 30, 2005*

The following Montana Cash drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

<u>Date</u>	<u>Winning Numbers</u>				
July 3, 2004	30	10	31	7	25
July 7, 2004	28	6	19	17	16
July 10, 2004	27	37	15	24	26
July 14, 2004	24	8	3	33	30
July 17, 2004	34	11	5	35	7
July 21, 2004	33	4	24	32	19
July 24, 2004	33	27	7	11	30
July 28, 2004	33	22	23	2	12
July 31, 2004	21	30	18	29	36
August 4, 2004	3	2	9	30	32
August 7, 2004	33	27	16	14	4
August 11, 2004	20	14	17	26	6
August 14, 2004	32	20	12	26	28
August 18, 2004	5	33	28	12	9
August 21, 2004	24	35	14	6	3
August 25, 2004	1	28	2	8	20
August 28, 2004	7	27	6	20	34
September 1, 2004	2	14	6	29	31
September 4, 2004	34	21	27	1	17
September 8, 2004	23	6	7	27	12
September 11, 2004	23	20	26	24	22
September 15, 2004	19	30	15	21	28
September 18, 2004	32	2	5	6	1
September 22, 2004	12	6	25	36	3
September 25, 2004	22	36	32	35	33
September 29, 2004	4	15	10	22	19
October 2, 2004	31	2	14	33	17
October 6, 2004	26	17	18	12	29
October 9, 2004	22	27	10	35	33
October 13, 2004	13	16	7	20	34
October 16, 2004	9	18	25	32	34
October 20, 2004	14	26	29	17	30
October 23, 2004	29	30	3	17	7
October 27, 2004	21	6	36	3	13
October 30, 2004	5	24	11	17	25

Continued

Montana State Lottery

STATEMENT OF MONTANA CASH WINNING NUMBERS *year ended June 30, 2005*

<u>Date</u>	<u>Winning Numbers</u>				
November 3, 2004	2	31	36	1	5
November 6, 2004	20	28	10	8	22
November 10, 2004	12	6	20	11	9
November 13, 2004	5	24	25	30	20
November 17, 2004	29	21	5	37	31
November 20, 2004	14	28	15	21	23
November 24, 2004	6	17	5	14	31
November 27, 2004	1	15	27	9	18
December 1, 2004	16	17	24	32	34
December 4, 2004	10	5	37	29	23
December 8, 2004	2	15	23	36	34
December 11, 2004	15	3	31	24	1
December 15, 2004	32	29	20	22	15
December 18, 2004	33	2	35	30	9
December 22, 2004	35	31	25	13	20
December 25, 2004	29	21	25	31	34
December 29, 2004	11	29	23	21	25
January 1, 2005	25	10	34	2	21
January 5, 2005	29	36	4	16	20
January 8, 2005	30	14	27	3	34
January 12, 2005	34	12	36	4	10
January 15, 2005	24	18	8	27	19
January 19, 2005	26	19	12	20	7
January 22, 2005	1	27	25	18	28
January 26, 2005	20	5	23	28	30
January 29, 2005	17	31	15	19	37
February 2, 2005	10	28	18	35	16
February 5, 2005	17	21	24	13	4
February 9, 2005	5	1	30	11	21
February 12, 2005	32	36	22	16	27
February 16, 2005	17	24	35	28	19
February 19, 2005	9	36	16	22	15
February 23, 2005	12	33	29	19	14
February 26, 2005	36	21	30	31	34
March 2, 2005	21	25	16	36	30

Continued

Montana State Lottery

STATEMENT OF MONTANA CASH WINNING NUMBERS *year ended June 30, 2005*

<u>Date</u>	<u>Winning Numbers</u>				
March 5, 2005	36	33	8	13	7
March 9, 2005	8	9	5	20	32
March 12, 2005	32	20	31	2	14
March 16, 2005	30	12	11	24	32
March 19, 2005	25	18	16	35	2
March 23, 2005	25	14	7	32	34
March 26, 2005	22	20	5	30	37
March 30, 2005	12	13	1	26	25
April 2, 2005	20	7	37	36	31
April 6, 2005	30	34	26	24	11
April 9, 2005	21	27	19	34	35
April 13, 2005	37	20	16	35	26
April 16, 2005	28	20	6	15	4
April 20, 2005	37	36	11	1	5
April 23, 2005	4	33	10	23	19
April 27, 2005	18	14	3	4	12
April 30, 2005	8	16	14	21	24
May 4, 2005	1	27	28	6	24
May 7, 2005	35	8	16	13	2
May 11, 2005	2	32	17	3	27
May 14, 2005	29	15	24	1	8
May 18, 2005	2	16	3	13	34
May 21, 2005	37	29	12	5	25
May 25, 2005	37	29	16	6	5
May 28, 2005	4	19	26	32	16
June 1, 2005	6	7	31	16	19
June 4, 2005	10	6	32	4	21
June 8, 2005	17	14	20	25	18
June 11, 2005	26	19	30	15	25
June 15, 2005	33	31	17	4	11
June 18, 2005	22	10	8	28	4
June 22, 2005	18	32	33	9	29
June 25, 2005	3	12	9	29	18
June 29, 2005	21	11	28	25	35

Concluded